

Message Text

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ORIGIN NEA-16

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DRAFTED BY NEA/INS:RBMORLEY:EI

APPROVED BY NEA:LBLAINGEN

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P 020146Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

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E.O.11652: N/A

TAGS: EGEN, IN

REF: NEW DELHI 10127

FOR AMBASSADOR FROM MORLEY (NEA/INS)

1. RECORD OF CONVERSATION AS REFLECTED IN MY NOTES AS
FOLLOWS:

2. MEETING WAS ARRANGED AT THE REQUEST OF AMBASSADOR EBERLE.
AMBASSADOR MOYNIHAN OPENED SUBSTANTIVE PORTION OF CONVERSA-
TION BY ASKING WHY MEETING WAS REQUESTED. AMBASSADOR
EBERLE REPLIED HE WAS INTERESTED IN INDIA AND OUR RELATIONS
WITH THAT COUNTRY. HE SAID HE WANTED TO KNOW WHAT OUR
STRATEGY SHOULD BE IN THE ECONOMIC, TRADE AND INVESTMENT
FIELDS OVER THE LONG TERM. HE ASKED ABOUT INTERNAL CONDI-
TIONS IN INDIA AND ITS BALANCE OF PAYMENTS SITUATION.

3. IN HIS REPLY AMBASSADOR MOYNIHAN MADE THE FOLLOWING
POINTS:

-- INDIA IS NOT A TYPICAL LDC. RATHER IT IS A POOR DEVELOP-
ED COUNTRY. THERE IS A LARGE MASS OF POOR PEOPLE IN INDIA,
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BUT THERE EXISTS AT THE SAME TIME ANOTHER INDIA WITH THE

INDUSTRIAL BASE, LABOR SKILLS AND TECHNICAL KNOW-HOW OF FRANCE. INDIA TRYING TO BUILD ON THIS BASE.

-- INDIA'S FOOD SITUATION IS NOT GOOD. MONSOONS HAVE BEEN LATE AND HAVE NOT PRODUCED QUANTITIES OF RAIN HOPED FOR IN MOST AREAS OF INDIA. THUS INDIA MAY HAVE TO USE SUBSTANTIAL AMOUNTS OF FOREIGN EXCHANGE FOR FOOD IMPORTS.
-- HIGH COST IMPORTED FOOD, TOGETHER WITH HIGHER INTERNATIONAL MARKET PRICES FOR FERTILIZER AND PETROLEUM WILL CAUSE DETERIORATION IN INDIA'S BALANCE OF PAYMENTS SITUATION AS COMPARED TO LAST YEAR.
-- OUR OWN POSTURE TOWARD INDIA REFLECTED DESIRE TO BUILD ECONOMIC RELATIONSHIP WITH INDIA EMPHASIZING TRADE AND INVESTMENT, BUT ALSO INCLUDING SMALL AID PROGRAMS. HOWEVER, VISITS TO HILL BY AMBASSADOR MOYNIHAN INDICATED THERE WAS NOT MUCH CHANCE FOR AID PROGRAM TO INDIA THIS YEAR. WE HAD REQUESTED \$75 MILLION FOR DL PURPOSES AND HAD EARMARKED FOR PLANNING PURPOSES ONE MILLION TONS FOODGRAINS. GOI HAD NOT ASKED OFFICIALLY FOR ASSISTANCE.

4. AMBASSADOR EBERLE THANKED AMBASSADOR MOYNIHAN FOR HIS REPORT. HE AGREED THAT OUTLOOK FOR AID TO INDIA THIS YEAR NOT GOOD. HOWEVER HE BELIEVED WE SHOULD NOT BE DISCOURAGED, SHOULD BE MOVING FORWARD WITH PLANS FOR DEVELOPING ECONOMIC RELATIONSHIP ALONG LINES SUGGESTED BY AMBASSADOR MOYNIHAN. HE ASKED FOR HELP IN DEVELOPING INTEREST AMONG AMERICAN FIRMS IN INVESTMENT IN INDIA, AND REQUESTED A LIST OF PROJECTS IN INDIA INVESTMENT IN WHICH WOULD BE OF INTEREST TO US FIRMS. PROJECTS WOULD HAVE TO BE LIMITED TO THOSE WHERE GOI RECEPTIVE TO FOREIGN INVESTMENT. IDEA WOULD BE TO MELD GOI AND US INTERESTS.

5. AMBASSADOR MOYNIHAN SAID HE WOULD PROVIDE LIST WITHIN TWO WEEKS. IN CLOSING MEETING AMBASSADOR MOYNIHAN THANKED AMBASSADOR EBERLE FOR HIS INTEREST IN INDIA AND EXPRESSED HOPE AMBASSADOR EBERLE'S SUGGESTION WOULD BEAR FRUIT.

6. FURTHER CONVERSATIONS WITH CIEP HAVE PROVIDED NO ADDITIONAL GUIDANCE AS TO WHAT AMBASSADOR EBERLE HAD ON HIS MIND. SUGGEST LANDE INCLUDE IN LIST PROJECTS WHICH LIMITED OFFICIAL USE

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INVOLVE UNIQUE OR NEAR UNIQUE US TECHNOLOGY AND EQUIPMENT. ANY COMMENTS OR GUIDANCE EMBASSY MIGHT HAVE ON TAILORING US PROPOSALS TO GOI LAW AND INTERESTS WOULD ALSO BE HELPFUL TO EBERLE. RECOMMEND PROJECTS BE AS SPECIFICALLY IDENTIFIED AS POSSIBLE BUT INCLUDE SUGGESTIONS IN SEVERAL AREAS (I.E., COAL GASIFICATION OR LIQUIFICATION, MINING TECHNOLOGY, ETC.). KISSINGER

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